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CENTRAL INTELLIGENCE AGENCY

REPORT

INFORMATION FROM FOREIGN DOCUMENTS OR RADIO BROADCASTS

Economic - Merchants, tax collections

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COUNTRY SUBJECT

China

DATE OF

INFORMATION 1953

HOW

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PUBLISHED Daily newspapers

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Tientsin, Peiping

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6-26 Oct 1953

OF THE UNITED STATES, WITHIN THEMERHING OF TITLE 18, SECTIONS 78 HAD TEA, OF THE U.S. CODE, AS AMENDED, ITS TRANSMISSION OR REVE LATION OF 1TS CONTENTS 10 OR RECEIPT BY AN UNAUTHORISED PERSON I SUPPLEMENT TO

REPORT NO.

LANGUAGE Chinese

TL

THIS IS UNEVALUATED INFORMATION

SOURCE

As indicated

TO COLLECT UNPAID TAXES AND FEES FROM PRIVATE MERCHANTS

[Summary: Private merchants are again ...e object of a drive to collect unpaid taxes in a movement called "examine self and revise reports." The charge is that many merchants did not heed the lessons learned in the Five Antis Movement and cadres are active in many major cities to collect funds due the government. In some places violators are reported to number as high as 80 and 90 percent of the total number of private merchants.

Numbers in parentheses: fer to appended sources.]

In several of the major cities of China efforts are being made to collect taxes which private merchants are accused of withholding or concealing. In spite of the Five Antis campaign against these corrupt practices, many merchants are still being charged with cheating the government by falsifying records, padding depreciation and cost declarations, padding payrolls with nonworking relatives, declaring low values for high-value goods, and other similar practices. In some cities the percentage of reported violators reached 80 to 90 percent of the total number of merchants inspected.

The various local governments are combating these activities by fostering the "examine self and revise reports" program in an attempt to get the merchants to correct their mistakes voluntarily. In this program employees are called upon to urge and to assist their employers in fulfilling their duties. In addition, checks are made on the business records by cadres from local tax collecting bureaus, and violators are being prosecuted.(1,2)

Shanghai reported that in 20 wards more than 78 percent of the merchants were guilty of tax evasion.(3)

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Tientsin formed 37 groups totaling more than 1,000 cadres to inspect progress of tax collection during the "examine self and revise reports" movement. Many merchants were uncooperative.(1,4)

The Wu-han Tax Bureau spot checked 524 firms during July and discovered 440 cases of tax evasion. In one case during a 2-month period, 11 grain distributors had cheated the government out of taxes totaling more than 70,000 catties of grain. Wu-han merchants had also charged above the list price, falsified declarations of quality, etc.(1,5)

Mukden reported that 95.2 percent of 974 private businesses illegally withheld income tax money and that about 50 percent of the firms falsified figures on business turnover.(6)

In Southwest China it was reported that 50-70 percent of all private enterprises were guilty of tax evasion; in some localities the figure reached 90 percent. In Ch'eng-tu, during the first quarter of 1953, a total of 183 shops out of 193 were guilty of illegal procedures in their tax payments. In Chungking, 60-80 percent of the merchants evaded or concealed taxes. The movement to stop such activities was being strengthened in these areas.(4)

SOURCES

- 1. Tientsin, Ta Kung Pao, 13 Oct 53
- 2. Ibid., 6 Oct 53
- 3. Peiping, Jen-min Jih-pao, 8 Oct 53
- 4. Tientsin, Ta Kung Pao, 26 Oct 53
- 5. Ibid., 23 Oct 53
- 6. Ibid., 17 Oct 53



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